

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 1520 – HB 1540

March 12, 2021

SUMMARY OF BILL: Authorizes any member of the Tennessee Consolidated Retirement System (TCRS) to obtain creditable service for previous participation in a local government's retirement system. Requires the local government to transfer all employee and employer contributions made on behalf of the member, together with regular interest thereon.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact – The total impact to local governments and TCRS is unknown but is reasonably assumed to decrease the assets and liabilities of local governments and correspondingly increase assets and liabilities of TCRS. Furthermore, if local governments are required to send contributions made for member's service not vested under the local government's retirement system that would have otherwise reverted back to the local government, there would be an increase in local government expenditures.

Assumptions:

- It is assumed the proposed legislation only applies to members who transfer from local government retirement systems that are not a part of TCRS.
- The number of persons, the value of the transferable amount, the amount of vested and non-vested service, and the excess or lack of employer contributions that would affect the TCRS or the local government entity are unknown, but are reasonably estimated to result in a decrease in assets and liabilities of local governments and a corresponding increase in assets and liabilities to the TCRS.
- To the extent a local government has a retirement plan that requires employer contributions to revert back to the local government before an employee reaches a certain threshold, and such employee transfers to state employment prior to reaching that threshold, there would be an increase in local expenditures. The precise amount, if any, cannot be reasonably determined.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Bojan Savic". The signature is written in a cursive style with a large, stylized 'B' and 'S'.

Bojan Savic, Interim Executive Director

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